

7/7/77 [2]

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7/7/77

THE WHITE HOUSE  
WASHINGTON

Shanker

a) Ed budget +

b) Human Rts

c) Major cities

Sweden - Philly - 10,000

Robert - NY -

N.O. Votes negative

35:1

- 8-10,000 pupils/yr

Detroit - Support personnel  
no substitute teachers

Chicago

d) Rush → Ed

e) Title I CETA in 76

6/56 mil → schools = not administering

→ very slow progress

f) Human Rts + +

g) DoE? Schools more integrated

11:00 a.m.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 6, 1977

MEETING WITH ALBERT SHANKER, PRESIDENT,  
AMERICAN FEDERATION OF TEACHERS, AFL-CIO

Thursday, July 7, 1977

11:00 a.m.

The Roosevelt Room

From: Stu Eizenstat  
Beth Abramowitz

Stu

I. PURPOSE

Issues of importance to AFT are as follows:

A. Plight of Big City Schools: Large urban school systems along with city governments are facing severe financing problems. School systems are being required to make large budget cuts which will result in a lay off of 3% (about 61,000) teachers in Spring 1977. Philadelphia and Chicago are facing large staff cuts due to lack of funds. In addition, school systems are closing early as money saving device. AFT favors increased general revenue sharing to cities and general-aid-to-education to urban systems. These problems affect northeast and north-central states most severely, and south-central and southwestern states less severely.

Recommended Response: We have tried to target available funds on areas of greatest need and will continue to stress this principle in developing next year's budget and legislative proposals. You might ask AFT to work with us on workable reform of Impact Aid.

B. HEW-Labor Appropriations for FY 1978: AFT favors Congressional bill and hopes Administration will sign it.

Recommended Response: Stress hope that non-education issues can be resolved so that the bill can be signed. There are \$1 billion in non-education differences between the House and Senate.

C. Cabinet-Level Department of Education: AFT continues to oppose creation of a separate Department of Education. AFT feels that primary attention should be on increased spending and improved operations of educational programs. Creating a

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Department of Education would deflect attention and needed resources from this office in their view.

Recommended Response: Education reorganization is currently under study by OMB.

D. Welfare Reform Impact on Schools: In New York, unlike most cities, welfare is largely funded through the city, rather than state budget. AFT has purchased municipal bonds to underwrite the operating cost of the city. AFT's concern is whether or not the Administration's welfare reform proposals will adversely impact city budgets.

Recommended Response: The Departments of Labor and HEW are working to produce the most favorable results possible within budget limits.

E. Education for All Handicapped Children Act (P.L. 94-142): P.L. 94-142 requires Individual Education Plans (IEPs) for each special education child, and due process safeguards before expelling disruptive children. Their concern is that, regardless of availability of needed supportive services, teachers be held accountable for adequate progress of special education children "mainstreamed" in regular classrooms. AFT is also concerned that due process safeguards may make it more difficult for teachers to control their classrooms by removing disruptive and violent children.

Recommended Response: HEW is examining these questions.

F. Privatizing Public Education: AFT is concerned about the access of nonpublic institutions to public funds in such programs as the Community Employment and Training Act (CETA)--in which funds go to nonpublic institutions for vocational counseling services. AFT's concern is that public school teachers could be used to provide these services to nonpublic students, which is how most Office of Education programs service eligible nonpublic school children.

Recommended no commitment.

#### Action Needed

The issues raised are now being studied as part of the policy planning process within the agencies. Public hearings will be held July 13, 1977 at HEW and in local communities during the fall to facilitate citizen and teacher participation in FY 79 education policy proposals. The request for AFT involvement in helping to organize the fall reviews could be announced at this meeting.



## II. PARTICIPANTS & PRESS COVERAGE

A. Participants: Robert Healey, V.P., American Federation of Teachers, AFL-CIO, President, Chicago Teachers Union; Nathaniel LaCour, V.P., AFT, President, United Teachers of New Orleans; Robert Porter, Secretary-Treasurer, AFT, Washington, D.C., Mary Ellen Riordan, V.P., AFT, President, Detroit Federation of Teachers; Albert Shanker, President, AFT, Washington, D.C.; Frank Sullivan, V.P., AFT, President, Philadelphia Federation of Teachers.

B. Press Plan: Press photo opportunity.

THE WHITE HOUSE  
WASHINGTON

C

FOR THE PRESIDENT - EYES ONLY

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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

EYES ONLY

THE PRESIDENT HAS SEEN.

July 7, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze <sup>CVS</sup>  
Subject: Wholesale Prices and Labor Market Developments  
in June

On Friday, July 8, at 9:00 A.M., the Bureau of Labor Statistics will release figures for the month of June on wholesale prices and on employment and unemployment. The price news is very good; the news on employment and unemployment is not so good.

Wholesale Prices

Wholesale prices declined 0.6 percent in June. This is the first outright decline in the overall index since August 1976. Prices of farm products, which fell 2.3 percent in May, dropped 6.3 percent further in June. Prices of processed foods and feeds also declined in June, by 1.7 percent.

Prices of industrial commodities rose only 0.3 percent in June -- the smallest rise since December 1976. Excluding energy items, the rise was only 0.2 percent. The improved performance of industrial commodity prices was not confined to any one category of goods, but was quite widespread. That is a good sign; it suggests that wholesale prices of industrial goods earlier this year were running up faster than could be sustained, given the present state of markets.

As you know, we have been expecting a slowdown in the rate of inflation during the second half. This latest news on wholesale prices bolsters our confidence in that expectation. Declining prices of agricultural products at wholesale should be affecting consumer food prices over the next few months. And with the pace of economic activity slowing a little, the rise in wholesale prices of industrial commodities may be moderate for awhile. Over the next couple of months, however,

previously announced increases in steel and aluminum will begin to show up in the wholesale price index, and could produce some pickup in industrial commodity prices from the surprisingly good June performance.

Just as the bad news on prices earlier in the year was not a sign that the underlying rate of inflation was accelerating, so the good news in June is not a sign that the long-run inflation problem is disappearing.

#### Employment and Unemployment

The report on employment and unemployment in June is not so favorable. The unemployment rate rose from 6.9 percent in May to 7.1 percent in June, which will catch the headlines. But conditions in labor markets did not deteriorate to the degree that this figure suggests:

- . The rise in the unemployment rate was due to a very large increase in the labor force -- almost half a million. This series is very erratic on a month-to-month basis, and it causes the overall unemployment rate to bounce around.
- . Total employment in June rose by 270,000 -- less than in the past several months, but still a respectable gain.
- . The rise in unemployment occurred principally among adult women. Unemployment rates declined for adult males and also for household heads.

The detailed statistics on employment in June do confirm other indications that the pace of economic expansion is slowing. Employment in manufacturing declined a little in June, and the drop was concentrated in the nondurable goods industries. Inventories of nondurable goods producers rose rapidly in April and May, and apparently production cutbacks are now occurring to bring stocks back into better balance with sales.

Note: I am attaching a set of notes that I have sent to Jody Powell for use in tomorrow's press briefing.

Attachment



Proposed Public Reaction to the June WPI and Employment-  
Unemployment Statistics (Released  
at 9:00 A.M., Friday, June 8)

WPI

- . News about wholesale prices in June is heartening.  
We had been expecting improvement in price performance compared to earlier months of this year, and it has happened. Price increases during the second half of this year are likely to be more moderate than they were in the first half.
- . Declining prices of farm products in both May and June should be affecting consumer food prices in the months ahead. This will bring welcome relief to consumer food budgets.
- . Falling prices of agricultural products are not good news for farmers, however. Prices of a few farm products are now below costs of production. The Administration's farm bill deals with this problem, in a responsible way, which takes into account the interests of both farmers and consumers.
- . We should not become complacent about our long-run inflationary problem because of a couple of months of good news on the price front.

1. Earlier this year, wholesale prices were running up at a rate well above the underlying trend. Now, they are running below trend.
2. Production costs in the industrial sector are increasing at a rate above the rise in industrial commodity prices in June -- they are still increasing at an annual rate of about 6 percent.
3. We still have work to do in licking inflation.

#### Employment-Unemployment

- . The rise in the unemployment rate in June is discouraging. It is not good that there are more people unemployed. But the June results do not indicate any fundamental change in the economic outlook for the remainder of 1977. We still expect the unemployment rate to drop to around 6-3/4 percent by late this year. One month doesn't make a trend.
- . The June rise in the unemployment rate was largely the result of a large increase in the labor force -- nearly half a million. This is an erratic statistical series and leads to erratic monthly movements in the unemployment rate.



- . Employment rose substantially in June, although as expected, by less than the very large gains of recent months.
- . The rise in the unemployment rate was mainly among adult women, who entered the labor force in large numbers. In May, the unemployment rate for adult women had declined sharply. (But don't use this in a way which makes female unemployment seem a less serious problem.)

A probable question in view of the price and unemployment statistics in June: Is the economy slowing? Are we entering another 1976-type pause?

Answer

It is highly probable that the rate of economic expansion will slow in the second half of 1977 from the rapid pace of the first six months. We have been expecting this. Growth in the first half of this year was very substantial and was accelerated by a large rise in inventory investment, which is by its nature a temporary stimulant. While the rate of growth for the remainder of the year will likely slow, we expect it to remain healthy. Further progress will be made in reducing unemployment and idle capacity.

There are indeed some weak spots in the June economic statistics, and we shall be monitoring events closely. But the expansive forces in the economy are still strong.

- . Consumers remain confident, and are willing to borrow to buy autos and other durable goods.
- . Housing demand is vigorous around the country, and homebuilding activity may increase further over the rest of the year.
- . Indicators of business investment -- such as new orders for plant and equipment -- are generally pointing to expansion over the remainder of 1977.
- . The Administration's stimulus program will be gathering strength in the second half -- adding to expenditures of State and local governments and increasing the availability of jobs.



THE WHITE HOUSE  
WASHINGTON

July 7, 1977

Hamilton Jordan -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

Re: Spanish Speaking Appointments

THE WHITE HOUSE  
WASHINGTON

Ham -  
We need some  
PR on Spanish  
speaking  
appointments. get  
it - JC

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THE WHITE HOUSE  
WASHINGTON

July 7, 1977

Greg Schneiders  
Frank Moore

The attached was returned in the  
President's outbox and is forwarded  
to you for your information and  
appropriate action.

Rick Hutcheson

Re: Youth (15-25) and the Carter  
Administration

*cc Jim Mayer*

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 1, 1977

MEMORANDUM FOR:

The President

FROM:

Greg Schneiders

SUBJECT:

Youth (15 - 25) and the Carter Administration

*Talk to Percy  
& for HHH. Let's  
don't duplicate what  
they're doing.  
For young people,  
World hunger may  
be better.*

The young people of this country are this Administration's most underutilized resource. They are idealistic, energetic and enthusiastic; they have free time and are willing and able to volunteer. Furthermore they are, as a group, an ally of the Carter Administration on many of our most critical and difficult domestic and foreign issues, such as: energy conservation; environment; political reform; civil rights and liberties; reduction of arms sales; consumer protection; human rights; detente; the Panama Canal; Korean policy; African policy; and improvement of relations with China and Cuba.

When motivated this constituency can be the most effective force in the political system. In the 1960's, when young people were politically active, they were instrumental in stopping a war; furthering the civil rights movement; raising national awareness on the environment; pressing for greater consumer protection; hastening drug law reform; liberalizing the educational system; and altering in a pervasive way, the most basic ethics, mores and social standards of our society.

Unfortunately, now, when there is an Administration whose policies they could enthusiastically support and when they are needed to offset the powerful special interests of the adult population, they are politically dormant.

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The program would need to be promoted jointly by the President, Vice-President, appropriate federal officials, local government officials, schools, youth groups and private citizens with appeal to the young (Denver, Redford, Nader, etc.)

The major expenses would be for development of the curriculum, distribution, production of public service television and radio spots and administration. The total cost would be relatively little. Funds could be drawn from existing education budgets at the appropriate agencies.

ACTION

Proceed with Youth Energy Conservation  
Service

\_\_\_\_\_

Do not proceed

\_\_\_\_\_

See me

\_\_\_\_\_

### THE FIRST STEP

In order to develop a prototype of government/youth collaboration and begin to reverse habits of non-participation, I propose establishing the Youth Energy Conservation Service.

This program would call upon the young people of this country (primarily high school students) to provide leadership to the nation on our single most pressing domestic issue - energy conservation. A curriculum would be developed by a task force from the Energy Office, FEA, ERDA, HEW and ACTION and would be available on a volunteer basis for the fall semester to any high school or bona fide youth group.

These schools and groups would, in turn, make the program available on a volunteer basis to their students and membership. The curriculum would include: general energy education; conservation education; door-to-door home, business, industry and office energy audits (individuals would be asked if they would like to participate); energy conservation counseling; information referral service; limited attitude survey work; follow-up audits; and reports of findings. All student activity would be supervised by a teacher or other adult counselor.

The goals of the program would be:

- a) To develop a grass roots organization to promote energy conservation.
- b) To educate and raise the consciousness of the general population concerning energy conservation.
- c) To develop a conservation ethic among a new generation.
- d) To provide a workable prototype program of government/youth collaboration.



### THE PROBLEMS

The youth of this country have not collaborated with their government in significant numbers since 1963. They have been alternately hostile and apathetic and lately very cynical.

There is evidence, however, that given interesting and serious opportunities to participate young people will respond. As early as 1971 when many young people were still quite hostile towards the "Establishment" Daniel Yankelovich, based on an extensive survey for the John D. Rockefeller, III Fund, concluded:

"There is broad agreement among students and Establishment leaders on many of the pressing areas of domestic social need that warrant attention...

"Beneath their mistrust of the Establishment, the majority of students want to work with Establishment leaders.

"The emphasis of the media to the contrary, the overwhelming majority of the student body is moderate, antiviolenent and desirous of working within the system.

"Millions of students ... are ready to devote time and effort ... to working toward the solution of pressing social problems."

(Youth and Establishment, Daniel Yankelovich)

Any program designed to attract youth involvement would have to be serious, substantive, honest, non-manipulative and non-partisan. A program lacking any of these qualities would probably be ridiculed by the kids and attacked by the press and the Republicans (the latter may happen in any event).

THE WHITE HOUSE

WASHINGTON

July 1, 1977

MEMORANDUM FOR: The President

FROM: Greg Schneiders *Ging*

SUBJECT: Youth (15 - 25) and the Carter Administration

The young people of this country are this Administration's most underutilized resource. They are idealistic, energetic and enthusiastic; they have free time and are willing and able to volunteer. Furthermore they are, as a group, an ally of the Carter Administration on many of our most critical and difficult domestic and foreign issues, such as: energy conservation; environment; political reform; civil rights and liberties; reduction of arms sales; consumer protection; human rights; detente; the Panama Canal; Korean policy; African policy; and improvement of relations with China and Cuba.

When motivated this constituency can be the most effective force in the political system. In the 1960's, when young people were politically active, they were instrumental in stopping a war; furthering the civil rights movement; raising national awareness on the environment; pressing for greater consumer protection; hastening drug law reform; liberalizing the educational system; and altering in a pervasive way, the most basic ethics, mores and social standards of our society.

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ACTION

Proceed with Youth Energy Conservation Service

\_\_\_\_\_

Do not proceed

\_\_\_\_\_

See me

\_\_\_\_\_

THE WHITE HOUSE

WASHINGTON

Date: July 1, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza  
Stu Eizenstat  
Hamilton Jordan  
Jack Watson  
Jim King

Bert Lance  
Sam Brown  
Jim Schlesinger

FOR INFORMATION:

The Vice President  
Bob Lipshutz  
Jody Powell

Sam Brown - S

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Greg Schnediers' memo 7/1/77  
re: Youth (15-25) and the Carter  
Administration

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: WEDNESDAY

DAY: 3 P.M.

DATE: July 6

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

is Stu  
going to  
comment?

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.


If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE WHITE HOUSE

WASHINGTON

July 6, 1977

MEMORANDUM FOR: Rick Hutcheson  
FROM: Frank Pagnotta   
SUBJECT: Comments on Youth Energy  
Conservation Corps (YECC)

Attached are Jim Schlesinger's comments regarding the proposal submitted by Greg Schneiders on "Youth (15-25) and the Carter Administration."

Attachments



Date: July 1, 1977

MEMORANDUM

## FOR ACTION:

Midge Costanza Bert Lance  
Stu Eizenstat Sam Brown  
Hamilton Jordan  
Jack Watson  
Jim King

FOR INFORMATION: The Vice President  
Bob Lipshutz  
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Greg Schnediers' memo 7/1/77  
re: Youth (15-25) and the Carter  
Administration

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TO THE STAFF SECRETARY BY:

TIME: WEDNESDAY

DAY: 3 P.M.

DATE: July 6

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur☐ No comment.

Please note other comments below:

We think Schlesinger  
should comment on the  
substance of this proposal before  
it is transmitted.

Watson / Frank

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required  
material, please telephone the Staff Secretary immediately. (Telephone, 7052)



Date: July 1, 1977

379

MEMORANDUM

## FOR ACTION:

Midge Costanza Bert Lance  
 Stu Eizenstat Sam Brown  
 Hamilton Jordan  
 Jack Watson  
 Jim King

## FOR INFORMATION: ✓ The Vice-President

Bob Lipshutz  
 Jody Powell

FROM: Rick Hutcheson, Staff Secretary

## SUBJECT:

Greg Schnediers' memo 7/1/77  
 re Youth (15-25) and the Carter  
 Administration

YOUR RESPONSE MUST BE DELIVERED  
 TO THE STAFF SECRETARY BY:

TIME: WEDNESDAY

DAY: 3 P.M.

DATE: July 6

## ACTION REQUESTED:

X Your comments

Other:

## STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required



Date: July 1, 1977

## MEMORANDUM

## FOR ACTION:

Midge Costanza	<u>Bert Lance</u>
Stu Eizenstat	Sam Brown
Hamilton Jordan	
Jack Watson	
Jim King	

FOR INFORMATION: The Vice President  
Bob Lipshutz  
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

## SUBJECT:

Greg Schnediers' memo 7/1/77  
re: Youth (15-25) and the Carter  
AdministrationYOUR RESPONSE MUST BE DELIVERED  
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DAY: 3 P.M.

DATE: July 6

## ACTION REQUESTED:

Other: ☒ Your comments

## STAFF RESPONSE:

☐ I concur. ☐ No comment.  
Please note other comments below:

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If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

AD/900



Date: July 1, 1977

MEMORANDUM

## FOR ACTION:

Midge Costanza Bert Lance  
Stu Eizenstat Sam Brown  
Hamilton Jordan  
Jack Watson  
Jim King

FOR INFORMATION: The Vice Preside  
Bob Lipshutz  
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Greg Schnediers' memo 7/1/77  
re: Youth (15-25) and the Carter  
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TIME: WEDNESDAY

DAY: 3 P.M.

DATE: July 6

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☐ I concur.☐ No comment.*Please note other comments below:*

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Date: July 1, 1977

## MEMORANDUM

## FOR ACTION:

Midge Costanza Bert Lance  
Stu Eizenstat Sam Brown  
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FOR INFORMATION: The Vice President  
Bob Lipshutz  
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FROM: Rick Hutcheson, Staff Secretary

## SUBJECT:

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re: Youth (15-25) and the Carter  
Administration

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TIME: WEDNESDAY

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DATE: July 6

## ACTION REQUESTED:

☒ Your comments  
Other: \_\_\_\_\_

## STAFF RESPONSE:

\_\_\_\_\_ I concur. \_\_\_\_\_ No comment.  
Please note other comments below:

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If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



I have reviewed the proposal by Mr. Greg Schneiders to establish a Youth Energy Conservation Corps and I am in sympathy with his objectives. A well-structured program that is integrated into DOE's other conservation efforts could be useful. However, I believe a more preferable course now would be to inventory the Government's existing outreach program, seek out duplication and overlap, and then provide a strong support for a coordinated, coherent program.

There are numerous programs either underway or to be started shortly which cover much of the ground as the Youth Energy Conservation Corps. These include: 1) Department of Commerce's Energy Analysis and Diagnostic Centers -- primarily directed towards audits of small business and industrial firms. 2) A National Energy Extension Service, in two phases. First, a ten State pilot program will be started this summer, and a full fifty State plus territories program will be available by October 1978. 3) The expanded low-income weatherization program which will reach many individual residences not only with advice but also with insulation and labor for installation. 4) A variety of State Grant Programs from both FEA and ERDA in the area of energy conservation.

Thus, while I believe that the youth of America can have an important role to play in energy conservation, it would be best at this time to coordinate existing programs under the new Department of Energy and then structure a program to fill the gaps which we may then discover.

THE WHITE HOUSE

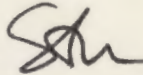
WASHINGTON

July 6, 1977

MEMORANDUM FOR THE PRESIDENT

FROM

STU EIZENSTAT  
KITTY SCHIRMER



SUBJECT

GREG SCHNEIDER'S MEMO ON YOUTH AND THE CARTER  
ADMINISTRATION

While I agree entirely with Greg that we have not yet focussed adequately on what we can do to get young people involved, I have reservations about using energy as the first step. While this kind of program might appeal to those kids who are already well-motivated and used to working with adults, it does not have any direct appeal to those who are not self-starters already. Energy, while recognized by young people as important, is not sufficiently close to their lives and their immediate concerns to provoke a positive reaction from those who are already somewhat cynical about government and "establishment" kinds of programs.

There are a number of areas, for instance responsiveness of school curricula and programs to young people needs, youth recreation facilities, sex and drug education, counselling, or even youth conservation corps (which responds to a real need -- where will I find a job this summer or this year?) which have more direct relevance.

I would be happy to work further with Greg in exploring areas which may have a broader appeal.



Date: July 1, 1977

MEMORANDUM

## FOR ACTION:

Midge Costanza	Bert Lance
Stu Eizenstat	Sam Brown
Hamilton Jordan	
Jack Watson	
<u>Jim King</u>	

FOR INFORMATION: The Vice President  
Bob Lipshutz  
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Greg Schnediers' memo 7/1/77  
re: Youth (15-25) and the Carter  
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TO THE STAFF SECRETARY BY:

TIME: WEDNESDAY

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DATE: July 6

ACTION REQUESTED:

☒ Your comments

Other:

*I like the idea - the goals don't fit @ this  
time, what seems to be our cong. policies.*

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

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material, please telephone the Staff Secretary immediately. (Telephone, 7052)





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

JUL 6 1977

MEMORANDUM FOR: RICK HUTCHESON  
FROM: BO <sup>2</sup>CARTER  
SUBJECT: Greg Schneiders' Memo of 7/1/77  
re Youth and the Carter Administration

The subject memorandum to the President proposes a "Youth Energy Conservation Service" as a first toward involving the youth of the nation in constructive effort to help resolve important national problems with the Carter Administration.

From OMB's energy perspective, we believe that the proposal is potentially meritorious enough to be developed further on the assumption that its costs would indeed be little and could be covered by reprogramming from existing agency budgets as suggested on p. 4 of the memo. Of course we would want to take a harder look at specifics in relation to existing FEA programs at such time as the proposal, including costs, is fleshed out further.





OFFICE OF  
THE DIRECTOR

# ACTION

WASHINGTON, D.C. 20525

July 6, 1977

## MEMORANDUM FOR THE PRESIDENT

FROM : Sam Brown

SUBJECT: Youth (15-25) and the Carter Administration

In addition to having read Greg Schneiders July 1, memo to you, I had an opportunity to talk with Greg about his proposal.

Greg's approach would link-up what should be a key element of your natural constituency (youth) with an issue (energy) you have identified as major. This makes sense if opportunities are offered to become involved in meaningful activities. I question the use of the educational system as the principal vehicle through which the young can become involved. Many young people no longer consider schools as relevant institutions, either for their own personal development or as instruments of community service.

Young people have learned to do by doing -- i.e., direct action. The notable examples of successful direct action have been anti-something; to create a new movement of direct action that is pro-something will require the involvement of young people from the beginning. Important elements to a successful effort are:

1. Participation of young people from the beginning in the conceptualization and formation of the effort.
2. Activities that are visible, important, and measurable.
3. "Active" activities (doing) not "passive" activities (learning, thinking, studying). Learning, thinking and studying will become concomitants of doing.
4. Demonstration of commitment from those perceived as being in control (energy industry, auto industry, labor unions, regulatory agencies, the White House, the Congress).

5. Local design and local administration. Projects should be operated within specific national guidelines but leave room for widespread local initiative.
6. People want to be tied to something which they feel is broader than themselves, and need to be able to report back on their activities to some national organization. People want to be accountable to someone. They want someone who can tell them how they stack up against other projects.

Consequently, although the project which Greg outlines may reach some young people in a positive way, I doubt that the goals in Greg's memo can be reached (or even approached) by the means outlined. If a decision to proceed is made, it is not likely that ACTION could contribute substantially to its success right now.



I agree wholeheartedly with Greg's assessment of the mood and untapped potential of young people in this country and feel strongly that a Youth Energy Conservation Service would, given proper leadership, be beneficial to all involved. I have regretted that we have not taken the time in the past to more actively encourage the participation of young people in programs which they support. The themes of self-sacrifice and obligation to community over the individual are often more attractive to the youth of this nation than to their parents. Their assistance in energy conservation is vital. I hope that we would not stop there.

I should also note that we have heard from the California Conservation Project, a program run by young people, which conducts an environmental education program in California as well as taking part in partially-symbolic projects like planting smog-tolerant seedlings. We've had numerous offers of help in the legislative push effort surrounding ACP legislation from student and youth organizations. You might recall that one of the most effective means for discouraging smoking has been to enlist the support of young people. Frequently young people will take up a cause and by their example spread the kind of spirit necessary to make any voluntary program possible. Greg's is an excellent idea.

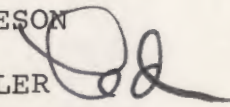
MARGARET COSTANZA

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO RICK HUTCHESON

FROM: LONDON BUTLER 

DATE: JULY 5, 1977

SUBJECT: GREG SCHNEIDERS' MEMO RE: YOUTH

I agree with Greg that the youth of this country have not collaborated with the government in significant numbers since 1963, and that if given interesting and serious opportunities to participate, young people will respond.

I don't think, however, that energy is the best place to start. Young people who are interested in energy issues have a myriad of environmental and other organizations to join. Grassroots groups of every stripe have begun energy programs of their own.

I suggest instead that we begin with world hunger, for the following reasons:

1. The entertainment industry has focused upon world hunger as a cause; a "Youth World Hunger Service" would be a natural link-up.
2. Foreign aid, in general, is poorly understood at the grassroots level - we need to develop a "foreign aid" ethic among a new generation.

A world hunger program could be designed which would be serious, substantive, honest, non-manipulative, and non-partisan. The program could be jointly sponsored by the President, the entertainment industry and appropriate federal and local organizations.

A world hunger curriculum could be developed by a task force from the Department of Agriculture, the Department of State, NSC, and Peter Bourne's office. This curriculum would be the first step as described in Greg's memorandum.



THE WHITE HOUSE  
WASHINGTON

July 7, 1977

Bob Lipshutz -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Stu Eizenstat  
Jack Watson

Re: Campaign Commitment to  
Establish an Independent  
Attorney General

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

July 1, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ  
MARGARET MCKENNA

SUBJECT: Your Campaign Commitment to Establish  
an Independent Attorney General

*Bob - Assess  
my Campaign statements  
on A.G. It was  
Griffin's idea to  
begin with -  
J.C.*

The Attorney General has concluded that legislation restricting the power of the President to remove the Attorney General would most likely be found unconstitutional, because the Constitution gives the President not only the power but the affirmative obligation to see that the laws are faithfully executed. Removing the Attorney General from the President's control would make him unaccountable to the person constitutionally responsible for his actions.

Nevertheless, the Attorney General has proposed that you take the following actions to remove the Department of Justice from political influence:

1. Support the provisions of S.555 (the Ethics/Special Prosecutor bill) which was enacted by the Senate on June 27th and is now awaiting action in the House. This bill establishes an Office of Government Crimes in the Department of Justice to investigate and prosecute violations of federal law by elected or appointed federal officers or employees. The Office of Government Crimes would be headed by a director, who is appointed by the President and confirmed by the Senate. The director of the office would report to the head of the division (probably the Criminal Division) in which the Office of Government Crimes is placed. S.555 gives the new office sufficient flexibility to assume responsibility, at the direction of the Attorney General, for enforcement of such federal laws as those regulating lobbying, conflicts of interest and campaigns.

The Justice Department already has an Office of Public Integrity. S.555 establishes that office by statute, emphasizes the importance of the office and ensures its continued existence. Accordingly, the bill is largely cosmetic. However, its thrust is positive. The Attorney General wanted to have the authority to appoint the director of the office,



but the Senate insisted that it be a Presidential appointment with Senate confirmation. Supporting the bill would involve no significant allocation of our resources and we recommend continued support of the bill.

AGREE \_\_\_\_\_

DISAGREE \_\_\_\_\_

2. Support legislation to require an office within the Department of Justice to review violations of law or standards of conduct by Justice Department employees. Again, there is already such an office operating under administrative order and S.555 would establish such office by statute.

Accordingly, there is no need for additional legislation.

AGREE \_\_\_\_\_

DISAGREE \_\_\_\_\_

3. Issue Executive Orders to:

a. Require the recording and disclosure of contacts with various high level Justice officials initiated from the White House or Congress with respect to matters under investigation or before the courts.

b. Require the recording and disclosure of requests from the White House or Congress that certain matters be investigated.

c. Authorize publication by the Department of Justice of selected opinions rendered to the White House and executive agencies by the Office of Legal Counsel. The first two points should be addressed in conjunction with the broader proposed Executive Order on logging, which we have just received from Justice. We recommend that a decision be deferred until the logging order is presented.

AGREE \_\_\_\_\_

DISAGREE \_\_\_\_\_

We recommend adoption of the third suggestion, assuming the guidelines established permit the White House and affected agencies to have a voice in determining which opinions should be published.

AGREE \_\_\_\_\_

DISAGREE \_\_\_\_\_

THE WHITE HOUSE

WASHINGTON

July 6, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

SI LAZARUS *SL*

SUBJECT:

Lipshutz-McKenna Memorandum on  
Independent Attorney General

We have no objections to the recommendations made in the Lipshutz-McKenna memo regarding your campaign commitment to establish an independent Attorney General. But we think you should have some additional background information.

S. 555, which, as Margaret and Bob note, establishes an Office of Government Crimes, also incorporates virtually every recommendation you made in your May 3 Message to the Congress on Ethics in Government--including most of the text of your proposed Ethics in Government Act. Major provisions of the bill, now under consideration by the House include:

- ° Mandatory financial disclosure for congressmen, federal judges, and Executive Branch officials ranked GS-16 and above;
- ° Creation of an Office of Ethics in the Civil Service Commission to monitor and enforce government-wide ethics requirements;
- ° Imposition of new post-federal service restrictions on former federal officials;
- ° Creation of a mechanism for appointment by a special panel of five federal judges, acting at the Attorney General's request, of temporary special prosecutors to handle cases involving:
  - The President, Vice President, Cabinet members, high White House Officials, and certain agency heads;
  - The President's campaign manager or national campaign committee chairman;



--Matters which may affect the "partisan political or personal interests of the President, the Attorney General, or the interests of the President's political party."

- ° A requirement that, 90 days after enactment of the bill, the Attorney General determine whether allegations relating to the Korean bribery matter merit appointment of a special prosecutor to handle these cases (The practical effect of the provision is virtually to oblige the Attorney General to request appointment of a special prosecutor). (This provision was added as an amendment by Senator Riegle.)
- ° A requirement that no individual who has "played a leading partisan role in the election of a President" shall be appointed Attorney General. (This provision was added by an amendment by Senator Bentsen.)

Working with staff from the Counsel's office, OMB, Justice, and with Frank's staff, we will be meeting with relevant members of the House next week to assess the prospects for passage of the bill this year.

The logging Executive Order, referred to in Paragraph 3 of Bob and Margaret's memo, will require recording and disclosure of business contacts by high officials in all agencies, not just the Justice Department. Executive Office personnel have been working with Justice Department officials to draft this order, and we expect to present a proposed order to you before the end of this month.

THE WHITE HOUSE

WASHINGTON

Date: July 5, 1977

MEMORANDUM

FOR ACTION:

S.L. Eizenstat

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Memorandum to the President dated July 1, 1977 from  
R. Lipshutz and M. McKenna re Your Campaign Commitment  
to Establish an Independent Attorney General

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME:

DAY:

DATE: IMMEDIATE TURNAROUND

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



10/15/76 Detroit Crime Address

Immediate action must be taken:

1. We must keep the Attorney General, the FBI, the Internal Revenue Service out of politics.
2. We must appoint all judges and United States Attorneys strictly on the basis of merit, not politics.
3. We must eliminate our double standard of justice--one for the average citizens who go to jail--the other for big-shot criminals who go free.
4. We must make sentencing swift and sure and more uniform for a given crime.
5. We must target law enforcement assistance on court reform programs which permit swift trials, especially for career criminals who most often abuse the right to bail.
6. We must provide more help for our courts to ensure better administration and to simplify their procedures.
7. We must permit law enforcement agencies to concentrate on serious and violent crimes.
8. We must concentrate law enforcement efforts more in the high crime areas.
9. Neighborhoods can be organized to cooperate with law enforcement efforts and to assist police officers.
10. We can recruit law enforcement apprentices and aides, and volunteer citizens to help with controlling crime and with pardon and parole supervision.
11. We must provide better street lighting and better recreation opportunities in areas where juvenile crime rates are high.
12. We must reform our prisons and carefully plan every inmates's prison career to maximize the effect of rehabilitation programs.
13. We must coordinate and escalate our efforts to control the illicit traffic in drugs. Special cooperation with Mexico, for instance, is necessary to reduce the sources of heroin.
14. All government programs must be constantly assessed to strengthen American families and neighborhoods.
15. National efforts by news media, educators, public officials and private organizations must be sustained to publicize the methods of preventing and combatting crime.

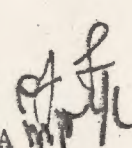


THE WHITE HOUSE

WASHINGTON

July 1, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ  
MARGARET McKENNA 

SUBJECT: Your Campaign Commitment to Establish  
an Independent Attorney General

The Attorney General has concluded that legislation restricting the power of the President to remove the Attorney General would most likely be found unconstitutional, because the Constitution gives the President not only the power but the affirmative obligation to see that the laws are faithfully executed. Removing the Attorney General from the President's control would make him unaccountable to the person constitutionally responsible for his actions.

Nevertheless, the Attorney General has proposed that you take the following actions to remove the Department of Justice from political influence:

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The Justice Department already has an Office of Public Integrity. S.555 establishes that office by statute, emphasizes the importance of the office and ensures its continued existence. Accordingly, the bill is largely cosmetic. However, its thrust is positive. The Attorney General wanted to have the authority to appoint the director of the office,



but the Senate insisted that it be a Presidential appointment with Senate confirmation. Supporting the bill would involve no significant allocation of our resources and we recommend continued support of the bill.

AGREE \_\_\_\_\_

DISAGREE \_\_\_\_\_

2. Support legislation to require an office within the Department of Justice to review violations of law or standards of conduct by Justice Department employees. Again, there is already such an office operating under administrative order and S.555 would establish such office by statute.

Accordingly, there is no need for additional legislation.

AGREE \_\_\_\_\_

DISAGREE \_\_\_\_\_

3. Issue Executive Orders to:

a. Require the recording and disclosure of contacts with various high level Justice officials initiated from the White House or Congress with respect to matters under investigation or before the courts.

b. Require the recording and disclosure of requests from the White House or Congress that certain matters be investigated.

c. Authorize publication by the Department of Justice of selected opinions rendered to the White House and executive agencies by the Office of Legal Counsel. The first two points should be addressed in conjunction with the broader proposed Executive Order on logging, which we have just received from Justice. We recommend that a decision be deferred until the logging order is presented.

AGREE \_\_\_\_\_

DISAGREE \_\_\_\_\_

We recommend adoption of the third suggestion, assuming the guidelines established permit the White House and affected agencies to have a voice in determining which opinions should be published.

AGREE \_\_\_\_\_

DISAGREE \_\_\_\_\_



6-16-76

The Democratic Party has never shied away from adopting new approaches to achieve traditional objectives. Over the past eighteen months, I have suggested new directions in a number of substantive areas. As a candidate, I have taken positions, which are publicly available, on virtually every conceivable issue. In the sections that follow, I have summarized for your consideration some of the major policy recommendations I have made during the campaign. I would be happy to forward more detailed supporting material if you desire.

### 1. *An Open and Honest Government: Code of Ethics for the Federal Government*

The Democratic Party must commit itself to steps to prevent many of the abuses of recent years.

— *The Attorney General of this nation must be removed from politics and given the full prerogatives, independence and authority of his or her own office, plus those allotted temporarily to the Special Prosecutor during the Watergate scandals. The Attorney General should be appointed without respect to political considerations and should be removed from office only for cause. The Attorney General and all his or her assistants should be barred from all political activity.*

— *All federal judges and prosecutors should be appointed strictly on the basis of merit without any consideration of political aspects or influence. Independent blue ribbon judicial selection committees should be utilized to provide recommendations to the President when vacancies occur from which the President must make a selection.*

— *An (all-inclusive "Sunshine Law," similar to those passed in several states, should be implemented in Washington. With narrowly defined exceptions, meetings of federal boards, commissions and regulatory agencies must be opened to the public, along with those of congressional committees.*

— *Broad public access, consonant with the right of personal privacy, should be provided to government files. Maximum security declassification must be implemented.*

— *The activities of lobbyists must be much more thoroughly revealed and controlled, both with respect to Congress and the Executive Departments and agencies. Quarterly reports of expenditures by all lobbyists who spend more than \$250 in lobbying in any three-month period should be required.*

— *The sweetheart arrangement between regulatory agencies and the regulated industries must be broken up and the revolving door between them should be closed. Federal legislation should restrict the employment of any member of a regulatory agency by the industry being regulated for a set period of time.*

— *Annual disclosure of all financial involvements of all major federal officials should be required by statute. Involvements creating conflicts should be discontinued.*

— *Public financing of campaigns should be extended to members of Congress.*

— *Fines for illegal campaign contributions have often been minimal. They should be at least equal to the amount of the illegal donation.*

— *Absolutely no gifts of value should ever again be permitted to a public official. A report of all minor personal gifts should be made public.*

— *Requests to the IRS for income tax returns by anyone, from the President down, should be recorded. Access to this essentially private information should be strictly circumscribed.*

— *Maximum personal privacy for private citizens should be guaranteed.*

— *Errors or malfeasance in the Executive Branch should be immediately revealed by the President and an explanation given to the public, along with corrective action, where appropriate, to prevent any recurrence of such actions.*

### 2. *A Compassionate and Effective Government Must Return to Washington*

#### A. THE ECONOMY

The next Administration must deal with both high unemployment and high inflation — the unprecedented twin legacy of the Nixon-Ford years.

For eight years, we have lived with on-again, off-again wage and price controls, two devaluations of our currency, a disastrous grain giveaway to the Soviet Union, a five-fold increase in fuel prices, restrictive monetary policies, and high interest rates.

The Democratic Party should be committed to a *sensible, predictable, steady, fair, humane and coordinated national economic policy.*

*The first priority must be a rapid reduction of unemployment and the achievement of full employment with price stability. For the near future, economic policy should be expansionary. By 1979, we can achieve a balanced budget within the context of full employment.*

(1) To reach full employment we must assure:

(a) Support for the *Full Employment Act of 1976*;

(b) *Countercyclical assistance* to cities with high unemployment;

(c) *An expansionary fiscal and monetary policy* for the coming fiscal year to stimulate demand, production and jobs;

(d) *Stimulation and incentives for the private sector* to hire the unemployed even during periods of economic downturn. To provide an additional incentive, the unemployment compensation tax paid by employers should be provided for businesses which hire persons previously unemployed.

(e) *An increased commitment by the federal government* to fund the cost of *on-the-job training* by business;

(f) *More efficient employment services* to match people to jobs;

(g) *Improved manpower training programs*;

(h) *Creation of meaningful and productive public needs jobs* as a supplement to the private sector, including jobs for unmet needs in areas such as housing, rehabilitation and repairing our railroad roadbeds;

(i) *We should provide 800,000 summer youth jobs and double the CETA program* from 300,000 to 600,000 jobs.



# Jimmy Carter Presidential Campaign

## Jimmy Carter's Code of Ethics

See p.2

Released March 1, 1976

The two questions I hear again and again across this country are: "Can our government be competent?" "Can our government be honest and decent and open?" I have to say that a majority of people would say, "no." This is the first time since polling was started that a majority of our people say that our national and economic status will be worse in 5 years than it is now. But we don't need to be pessimistic.

I have run the Georgia government in a tough, business-like way. As a scientist, businessman, planner and farmer, I've managed it tightly and brought about some dramatic changes in its costs, long-range planning and budgeting techniques and organizational structure. We cut administrative costs more than 50% in Georgia. We abolished 278 out of 300 agencies and departments. So, I know it is possible to run an efficient government.

We ought not to lower our standards in government. Our government in Washington ought to be an inspiration to us all and not a source of shame. I want to spell out to you a number of things that can be done:

- An all-inclusive "Sunshine Law" similar to those passed in several states, should be implemented in Washington. Meetings of federal boards, commissions and regulatory agencies must be opened to the public, along with those of Congressional committees. The only exceptions should involve narrowly defined national security issues, unproven legal accusations or knowledge that might cause serious damage to the nation's economy.
- Broad public access, consonant with the right of personal privacy, should be provided to government files. Maximum security declassification must be implemented.
- The activities of lobbyists must be more thoroughly revealed and controlled, both within Congress and the Executive Department agencies. The new lobbying law

should apply to those executive agencies and departments which are not now covered as well as to the Congress. Quarterly reports of expenditures by all lobbyists who spend more than \$250 in lobbying in any three month period should be required. The act should include any lobbying expenditures aimed at influencing legislation or executive decisions and should cover those who lobby directly, solicit others to lobby or employ lobbyists in their own behalf.

- The sweetheart arrangement between regulatory agencies and the regulated industries must be broken up, and the revolving door between them should be closed. Federal legislation should restrict the employment of any member of a regulatory agency by the industry being regulated.
- All requests for special government consideration by private or corporate interests should be made public, and decisions should be made only on the basis of merit.
- Complete revelation of all business and financial involvement of all major officials should be required, and none should be continued which constitute a possible conflict with the public interest. I have released an audit of my personal finances and will do so annually throughout my term of office. I will insist that the same requirement apply to the Vice President and to those appointed to major policy-making positions in my Administration. As President, I will seek legislation to make such disclosure mandatory.
- Everyone who serves in a position of policy-making ought to reveal to the public his or her financial holdings, where his or her riches are invested and where his or her special interests are so that no conflict with the public interest will exist.
- Public financing of campaigns should be extended to members of Congress.



— Fines for illegal campaign contributions have often been minimal. They should be at least equal to the amount of the illegal donation.

— Absolutely no gifts of value should ever again be permitted to a public official. A report of all minor personal gifts should be made public.

— All diplomats, federal judges and other major officials should be selected on a strict basis of merit.

— Independent, blue-ribbon, judicial selection commissions should be established to recommend persons considered best qualified for appointment as federal judges and prosecutors, and, as President, I will make my selection from those recommended.

— The Attorney General and all his or her assistants should be barred from any political activity. He or she should be given the full prerogatives and authority and independence that were recently given to the Special Prosecutor. The Attorney General should be appointed by the President, with the confirmation of the Senate, and should not be removed except for malfeasance.

— During the campaign and as President, I will make myself available to the news media. Press conferences will be held monthly or more often throughout my Administration.

— I will propose to the Congress that the members of my Cabinet appear regularly before both Houses, preferably in joint session, to answer questions from Senators and Repre-

sentatives. I will also request that these sessions be available for live broadcast.

— Requests to the IRS for income tax returns by anyone, from the President down, should be recorded. Access to this essentially private information should be strictly circumscribed.

— Maximum personal privacy for private citizens should be guaranteed.

— As President, I will be responsible for the conduct of the Executive Branch of Government. Errors or malfeasance will be immediately revealed, and an explanation given to the public, along with corrective action to prevent any recurrence of such actions. The same responsibility for campaign actions will be assumed by me as a candidate.

There is only one person in this nation who can speak with a clear voice, who can set a standard of morals and decency and openness, who can spell out comprehensive policies and coordinate the efforts of different departments of government, who can call on the American people for sacrifices and explain the purpose of that sacrifice and the consequences of it. *That person is the President.* The President ought to be personally responsible for everything that goes on in the Executive Branch of government, whether that be the appointment of major officials, the clear description of policy, the relationship of the Executive with Congress, the revelation of mistakes and mismanagement, if any, or violations of the law, should they occur, unfairness on the part of regulatory agencies and so forth.



# Carter-Mondale On The Issues

## ADDRESS BY JIMMY CARTER TO THE American Bar Association ATLANTA, GEORGIA

August 11, 1976

"We will not lie, cheat or steal, nor tolerate among us those who do."

These words comprise the ancient code of honor which was adopted and still is used by the Air Force and Military Academies, and which has recently been questioned as being too strict and rigid for the future leaders of our nation's armed forces.

Is this too strict a code for cadets? I think not. Is this too strict a code for senior military officers who defend our country? I think not. Is this too strict a code for any public official who serves our nation? I think not.

All too often in recent years, laxity and the abandonment of rigid high standards among our leaders have caused our nation to suffer and to grieve. It has been the law, and our national commitment to the law, that has kept the fabric of our society from being ripped apart. Even with a total commitment to the law we are not perfect, but we have a framework within which we can work toward a more just and perfect society.

During this post-Watergate era our nation has been struggling anew with the question of how to establish and maintain standards of morality and justice. So far we have failed.

Unfortunately, there has been little progress toward enacting reforms that are needed to get our government's house in order. There has been strong political opposition to legislation designed to secure more openness, accountability and increased integrity in government.

Nearly forty years ago President Franklin Roosevelt had a proud vision of regulatory agencies. He said they would be "tribunes of the people" and would provide "active and positive protection of the people against private greed."

But in fact, regulatory agencies and other important government positions are still used as dumping grounds

for unsuccessful candidates, faithful political partisans, out-of-favor White House aides, and representatives of special interests.

For instance, if a recent nomination is approved by Congress, the Consumer Product Safety Commission will have a majority of its members who have come directly from the Ford or Nixon White House staffs.

Of the forty-five appointments to the nine most important regulatory bodies in the past five years, more than half have come from the regulated industries themselves. This unprecedented abuse is a sign of contempt for the regulatory agencies and for the public they are supposed to defend and protect.

Bribery is a crime in every nation in the world, but the administration solution to the embarrassing problem of international bribery is, in effect, a proposal to allow corporations to engage in bribery so long as they report such illegal transactions to the Department of Commerce. Of course, the proposal is that the reports can be kept secret from the public, perhaps forever. "Confidential disclosure" and "authorized criminality" seem to be contradictions in terms.

This is not the kind of reform the American people want nor the kind of moral leadership the American people deserve.

Our nation has seen crimes discovered, publicized, and then condoned. This almost inevitably produces a subtle lowering of standards, and a pervasive acceptance in government of the right to break the law.

Almost 50 years ago Justice Brandeis wrote in a legal dissent: "Our government is the potent, the omnipresent teacher. For good or for ill it teaches the whole people by its example. Crime is contagious. If the government becomes a lawbreaker, it breeds contempt for the law; it invites every man to become a law unto himself; it invites anarchy."



In times of crisis where is our protection from this threat? Ostensibly from the Department of Justice.

But following the recent presidential elections, our U. S. Attorney General has replaced the Postmaster General as the chief political appointee, and we have on recent occasions witnessed the prostitution of this most important law enforcement office.

It was disgraceful that because of actual crimes within the Department of Justice and a lack of trust in the Attorney General a special prosecutor had to be appointed just to enforce the law. As much as is humanly possible the Attorney General should be removed from politics, and should enjoy the same independence and authority and should deserve as much confidence as did the special prosecutor during the last few weeks of the Watergate investigation.

Recently the U. S. Senate overwhelmingly passed a bill establishing a permanent special prosecutor, to be appointed by the President. If a special prosecutor is needed, we should strengthen the Senate bill and let the courts and not the President make the appointment. My own preference is that the special prosecutor be appointed only as needed and not comprise another permanent government agency. These opinions are, I understand, shared by some of the foremost investigators, prosecutors and congressional leaders who were active in resolving the Watergate crisis.

It is obvious that our executive branch of government cannot be assigned all the blame. Scandals in the Congress involving the improper spending of public money have not been prevented, nor have they been instantly and vigorously investigated.

If I become President, I will never turn my back on official misdeeds. I intend to take a new broom to Washington and do everything possible to sweep the house of government clean.

Change is difficult to implement and to accept, but it is inevitable. As Alvin Toffler has said, "Change is the process by which the future invades our lives." In the scientific and agricultural world, I always saw change and innovation welcomed eagerly. It seems to be different in government and in law.

We need not fear change, so long as we hold fast to an unchanging core of personal integrity and ideals.

A woman who had a great influence on my life was Miss Julia Coleman, my high school principal, who gave me an early introduction to the world of art, books and music some 40 years ago. As a retired school teacher in 1962 she wrote these words in a Christmas letter to some friends:

"We have to adjust to changing times and still hold out for unchanging principles. It is not easy. But neither

education nor religion promises us an easy life. Anyway, I like it better with challenge and effort—with ideals of service to causes good and true."

"To adjust to changing times and still hold out for unchanging principles. . . ." I don't know how a Justice Holmes or a Chief Justice Marshall could have expressed it any better.

A combination of unwise and impractical rules and procedures, lack of effective management of cases, and increasing case loads has priced the poor and middle American out of the judicial system. Now even the wealthy citizen and big business are finding the price of justice too high to pay.

Thus we have the very poor, the very wealthy, and all of us in between joined in one goal and purpose—to create a workable system of justice. We must examine and change our own judicial system so that it serves all justly and at a price one can afford to pay. We must move boldly, quickly and with persistence until we reach this goal.

I note with concern that the current administration has recently recommended a one-third cut in the budget of the Legal Services Corporation.

The best deterrent to crime is swift and certain justice. Civil justice is of no practical value to the average citizen when cases are intolerably delayed. Of the \$4.4 billion spent by the Law Enforcement Assistance Administration over the past eight years, only 6% was allocated to aid state and local courts. This is a grossly misdirected set of priorities.

There are demands for complex and controversial changes in your own profession, and it is obvious that you are concerned about such issues as:

- Reduced jury size,
- Legal assistance for indigents,
- Reorganization of the court system,
- Administrative officers and balanced case loads,
- Simplified civil and criminal court procedures,
- Compulsory arbitration outside of court,
- Prepaid legal service,
- Public legal clinics,
- The use of paraprofessionals,
- Expanded class action rights,
- Broadened definitions of legal standing,
- Funding of public interest law,
- Elimination of fixed fee schedules, and
- Relaxation of advertising restriction.

This agenda shows that the American Bar Association is becoming increasingly active in assessing change in the infrastructure of our legal society.

As lawyers you are in a superb position to analyze other changes that are inevitable and necessary in our



society. Your knowledge of the past, your educational background, your influence at the point of debate and decision and your constant involvement in the multifaceted aspects of our private and public life equip you uniquely to shape the future of our country.

As Governor of Georgia, I studied court records, and visited our prisons and noted how few wealthy, influential criminals were ever punished. I talked with inmates and heard convincing stories of injustice and inequality. I traveled the state and listened, again and again, to the questions and frustrations of average citizens who had come in contact with our system of justice.

So, with the cooperation of the Georgia Bar, I went to the legislature and we were successful in implementing a series of reforms in our judicial system:

- A nominating system to insure merit appointment of judges;
- Mandatory retirement for judges and a method of hearing citizen complaints and removing incompetent judges from office;
- Automatic review to insure increased uniformity of sentencing among judges;
- A uniform and unified court system (to allow a more efficient and timely dispensation of justice);
- Prison reform with emphasis on rehabilitation;
- A professionalized Georgia Bureau of Investigation;
- A reduction of emphasis on victimless crimes;
- Expanded staff aid for judges and administrative officers for the courts.

It is of course difficult for all of us to lift our vision beyond the specific issues of our daily lives, such as tax law and torts, and to concern ourselves with the broader issues of a free society and social justice. We deplore the present circumstances in our nation but we often refrain from an inspired and aggressive search for better laws or better administration of those we have.

Whether we are lawyers or candidates or peanut farmers, we tend to avoid controversial issues because we are afraid we might lose a customer or a client or a vote or a dollar. But almost every important improvement is going to be controversial.

The laws must be constantly changing to accommodate the forces and counterforces in our dynamic society and the total law at any time is an expression of the structure of society. There simply must be a close correlation between law and justice.

It is no secret that most professions, including your profession, are in great disfavor with the American people. So are the courts, businessmen, politicians and the government in general. Many people believe that they are denied fairness in the courts, in the market-

place and in the government generally. Fundamental to this attitude is the lack of a workable system of justice in the broadest sense.

I hope that you will think grandly of your role as attorneys in providing equal justice for all. If elected President, I will be an eager partner with you.

A prime responsibility of our next President will be to reestablish the confidence of the American people in the professions, in business and in the various departments that make up our government. In other words, to reestablish confidence in the American system.

The question is not who caused the problems but who will correct them. It is not merely whether we want to make some incremental corrections but whether we wish to preserve the system. Time is running short and only by making our system of justice fair and workable can it be preserved.

Substantial improvements are needed in our government, and as one of our noted Supreme Court justices said, "Sunshine is the best disinfectant." We need a comprehensive sunshine law in Washington so that special interests will not retain their exclusive access to the decision-making process.

Absolutely no gifts of value should ever again be permitted to a public official.

Complete revelation of all business and financial involvement of major officials should be required, and none should be continued which constitute a possible conflict with the public interest.

The sweetheart arrangement between regulatory agencies and industries being regulated should be terminated, and no personnel transfers between agency and industry should be permitted until after an extended period of time has elapsed.

The activities of lobbyists must be more thoroughly revealed and controlled.

Public financing of campaigns should be extended to members of Congress.

Minimum secrecy within government should be matched with maximum privacy for private citizens.

All federal judges, diplomats and other major officials should be selected on a strict basis of merit.

Every effort should be made to encourage our people to participate in government, including universal voter registration for elections and the strengthening of citizen advocacy groups.

Tax inequities must be rooted out. This will be a major and urgent project if I am elected President.

Even when these difficult changes in laws and regu-



lations are made, the search for true justice will of course not be complete.

There are limits to what the law can do. It can establish the outer limits of acceptable conduct in a civilized society, but it cannot teach us or force us to do what is right. That understanding and that moral imperative must come from institutions even more ancient and more personal than the law—from family and community and the ethical and religious training which they alone can impart.

We must be dedicated to the preservation and enhancement of these basic institutions of family and community which can give rise to a more perfect justice than any written code can hope to compel.

I have traveled in this country for the past 19 months

perhaps more than any other individual. I have talked a lot, but I have also listened. I can tell you that our people have been hurt and embarrassed but they have not given up; they have not yet turned away.

There is a reservoir of honesty and decency and fairness among our people that can, in a democracy, find expression in our government.

Our people are willing to give our nation's leaders one more chance to correct our mistakes, to answer difficult questions, to meet legitimate needs, and to achieve a higher standard of freedom, equality and justice. If we disappoint them again—we may not get another chance.

There is a great responsibility on us. We must not fail.



Date: July 5, 1977

FOR ACTION:

S.L. Eizenstat

FOR INFORMATION:

XC *Camp  
Cazanus*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Memorandum to the President dated July 1, 1977 from  
R. Lipshutz and M. McKenna re Your Campaign Commitment  
to Establish an Independent Attorney GeneralYOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME:

DAY:

DATE: IMMEDIATE TURNAROUND

ACTION REQUESTED:

☒ Your comments☐ Other:

STAFF RESPONSE:

☒ Concur☐ No comment

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required



THE WHITE HOUSE  
WASHINGTON

Date: June 23, 1977

MEMORANDUM

FOR ACTION:

*attached*  
The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Jack Watson  
Joe Aragon  
Bert Lance - *attached*

FOR INFORMATION:

Midge Costanza  
Frank Moore

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lipshutz/McKenna's memo 6/23/77 re Your Campaign  
Commitment to Establish an Independent Attorney  
General.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 3:00 PM

DAY: Saturday

DATE: June 25, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE WHITE HOUSE

WASHINGTON

June 23, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

ROBERT LIPSHUTZ  
MARGARET McKENNA

*RL*  
*mmk*

SUBJECT:

Your Campaign Commitment to Establish  
an Independent Attorney General

The Attorney General has concluded that legislation restricting the power of the President to remove the Attorney General would most likely be found unconstitutional, because the Constitution gives the President not only the power but the affirmative obligation to see that the laws are faithfully executed. Removing the Attorney General from the President's control would make him unaccountable to the person constitutionally responsible for his actions.

Nevertheless, the Attorney General has proposed that you take the following actions to remove the Department of Justice from political influence:

1. Support the provisions of the Ribicoff bill which would (with certain changes) establish an Office of Government Crimes to investigate and prosecute violations of federal law by elected or appointed federal officers or employees as well as violations of federal laws relating to lobbying, conflicts of interest, and campaigns. The bill would also mandate that existing Department of Justice regulations on disqualification of Department attorneys for conflicts of interest continue and be strengthened.

An Office of Government Crimes already is operating within the Department, but the Attorney General believes the Ribicoff bill would emphasize the importance of the office and insure its continued existence. Thus, the bill would be largely cosmetic, but its thrust is positive. Supporting it would involve no significant allocation of our resources, and we recommend support.

\_\_\_\_\_ Agree

\_\_\_\_\_ Disagree

2. Support legislation to require an office within the Department of Justice to review violations of law or standards of conduct by Department employees. Again, there is already such an office operating under administrative order. There is now no legislation pending in this area which we could simply endorse.

The preparation, introduction and shepherding of a new bill would necessarily divert some attention from other matters. Since this bill would also be basically cosmetic and since Congress already has a full calendar, we recommend against introduction of such a bill at this time.

\_\_\_\_\_ Agree

\_\_\_\_\_ Disagree

3. Issue Executive Orders to:

a. Require the recording and disclosure of contacts with various high level Justice officials initiated from the White House or Congress with respect to matters under investigation or before the courts.

b. Require the recording and disclosure of requests from the White House or Congress that certain matters be investigated.

c. Authorize publication by the Department of Justice of selected opinions rendered to the White House and executive agencies by the Office of Legal Counsel.

The first two points should be addressed in conjunction with the broader proposed Executive Order on logging, which we have just received from Justice. We recommend that a decision be deferred until the logging order is presented.

\_\_\_\_\_ Agree

\_\_\_\_\_ Disagree

We recommend adoption of the third suggestion, assuming the guidelines established permit the White House and affected agencies to have a voice in determining which opinions should be published.

\_\_\_\_\_ Agree

\_\_\_\_\_ Disagree



THE WHITE HOUSE

WASHINGTON

June 24, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

HAMILTON JORDAN *HJ*  
JOE ARAGON *JA*

SUBJECT:

LIPSHUTZ/McKENNA MEMO RE YOUR CAMPAIGN  
COMMITMENT TO ESTABLISH AN INDEPENDENT  
ATTORNEY GENERAL

---

RECOMMENDATIONS

- (1) Concur with Bob Lipshutz' recommendations that you support the Ribicoff bill provisions establishing an Office of Government Crimes.

The effect of the bill would, of course, be more than simply "cosmetic" since it would legislatively institutionalize an operation that currently exists at the discretion of the Attorney General.

- (2) Concur with Lipshutz that you should not introduce, at this time, legislation requiring an office in Justice to review violations of law by Department employees. Such an operation already exists in house at Justice.
- (3) Concur that you should hold off any Executive Order in logging and disclosure of White House/Justice contacts. This is fraught with potential problems and needs to be thought through much more carefully.

Also concur that selected opinions rendered by Justice be published subject to proper guidelines.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

GENERAL COUNSEL

JUN 24 1977

MEMORANDUM FOR: RICK HUTCHESON

FROM: WILLIAM M. NICHOLS *WmN*

SUBJECT: Memorandum Concerning Establishment of an  
Independent Attorney General

We have reviewed the memorandum for the President relating to the independence of the Attorney General, and offer the following comments for your consideration.

The first proposal suggests support of the Ribicoff provision to establish an Office of Government Crimes (Section 103 of S. 555), with certain changes. These changes are not specified. Therefore, our comments are addressed to the provision of S. 555, as reported.

Traditionally, the Executive branch has objected to legislative provisions which restrict the flexibility of Department heads in this fashion. Also, proposed Section 529(b)(2) requires the Attorney General to obtain the approval of the director of the Office of Government Crimes if he wishes to place concurrent jurisdiction over a matter within that Office with a United States Attorney or another unit of the Department. This further erodes the Attorney General's authority and does violence to the basic concept of accountability.

We agree with the recommendation regarding the proposal for an office to review standards of conduct questions. We would add, however, that further proposals in this area should await the outcome of Congressional action on the Ethics legislation.

With regard to the issuance of Executive orders, we agree with the suggestion to defer action on logging and disclosure measures, but we do not believe that it would be necessary to have an Executive order to authorize publication of selected legal opinions. Furthermore, the use of an Executive order for this purpose would probably invite litigation.



We have serious concerns about the disclosure of contacts relating to investigations and litigation. There is not enough information in the memoranda to determine the anticipated scope of the requirement. However, considerations of privacy, the potential for libel, and the possibility for the premature disclosure of investigative efforts should be thoroughly reviewed preceding any action in this area.

The Attorney General's suggestion that restrictions similar to those in the Hatch Act be imposed on certain Department of Justice employees was not addressed in the action paper. Of course, the President may impose restrictions on his appointees in the Department in any manner which he finds appropriate--Executive order or otherwise. The provision of the Ryan amendment to H.R. 10, as passed by the House would probably be broad enough to apply the political restrictions to high level attorneys in the Department of Justice.



THE WHITE HOUSE

WASHINGTON

Date: June 23, 1977

MEMORANDUM

FOR ACTION:

The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Jack Watson  
Joe Aragon  
Bert Lance

FOR INFORMATION:

Midge Costanza  
Frank Moore

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lipshutz/McKenna's memo 6/23/77 re Your Campaign  
Commitment to Establish an Independent Attorney  
General.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 3:00 PM

DAY: Saturday

DATE: June 25, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.





Office of the Attorney General  
Washington, D. C. 20530

APR 11 1977

MEMORANDUM FOR THE PRESIDENT

Re: Proposals Regarding Independent Attorney General

This is in response to your request of February 18, 1977, that legislation be prepared which would provide that the Attorney General should be appointed for a definite term and should be removed from office only for cause or malfeasance. For the reasons discussed below, there is serious doubt as to the constitutionality of such legislation. However, within the limits set by the Constitution, there are steps which can be taken to further remove the Attorney General and the Department of Justice from political influence.

The Constitution establishes the framework within which the proposed limitation on the removal of the Attorney General must be examined. The first sentence of Article II vests the Executive power of the Government in the President and charges him with the general administrative responsibility for executing the laws of the United States. Article II, § 2, provides that, with the advice and consent of the Senate, the President shall select those persons who are to act for him in executing the laws. The closing statement of Article II, § 3, the last section of the Constitution dealing with the President's powers and duties, emphasizes the President's responsibility: "He shall take Care that the Laws be faithfully executed." Thus, the President is given not only the power, but also the constitutional obligation to execute the laws.

In Myers v. United States, 272 U.S. 52 (1926), the Supreme Court held that the President had exclusive authority under the Constitution to remove a postmaster (an Executive official) notwithstanding statutory attempts to restrict this power. The Court viewed the effort by Congress to restrict the discretionary right of the President to remove an officer he had appointed and for whose action he was responsible as inconsistent with the basic underlying structure of the Constitution. Significantly, the Court reasoned that "to hold otherwise would make it impossible for the President, in case of political or other differences with the Senate or Congress, to take care that the laws be faithfully executed." The constitutional underpinnings of this decision stand for the proposition that the President's freedom to remove Executive officials cannot be altered by legislation.



The Attorney General is the chief law enforcement officer of the United States. He acts for the President to ensure that the President's constitutional responsibility to enforce the laws is fulfilled. To limit a President in his choice of the officer to carry out this function or to restrict the President's power to remove him would impair the President's ability to execute the laws.

Indeed, as you have previously recognized, the President must be held accountable for the actions of the Executive Branch; for this reason he must be free to establish policy and define priorities. Because laws are not self-executing, their enforcement obviously cannot be separated from policy considerations. The Constitution contemplates that the Attorney General should be subject to policy direction from the President. As stated by the Supreme Court: "The Attorney General is . . . the hand of the President in taking care that the laws of the United States . . . be faithfully executed." *Ponzi v. Fessenden*, 258 U.S. 254, 262 (1921). Removing the Attorney General from the President's control would make him unaccountable to the person constitutionally responsible for his actions.

It is my conclusion that the Framers of the Constitution fully intended for the functioning of the Executive Branch to rest squarely on the integrity of the President. He alone is elected by, and thus represents, all the people. For this fundamental reason it is his policy decisions that are to control as he undertakes to execute the laws.\*/  
Two of the Supreme Court's many relevant statements in the Myers case are particularly on point:

The degree of guidance in the discharge of their duties that the President may exercise over executive officers varies with the character of their service as prescribed in the law under which they act. The highest and most important duties which his subordinates perform are those in which they act for him. In such cases they are exercising not their own but his discretion . . . . Each head of a department is and must be the

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\*/ As you said at the Attorney General's Swearing-In on January 26, 1977: "To the maximum degree possible, the Attorney General should personify what the President of the United States is--attitudes, philosophies, commitments--because here is an extension of the President's attempt to provide equality of opportunity and a sense of trust in the core of our American governmental institutions . . . ." This statement concisely summarizes the rationale underlying the constitutionally based prohibition on legislative restrictions of the President's power to remove such an official.



President's alter ego in the matters of that department where the President is required by law to exercise authority. 272 U.S. at 132-133. (Emphasis in original.)

\* \* \*

Then there may be duties of a quasi-judicial character imposed on executive officers . . . , the discharge of which the President cannot in a particular case properly influence or control. But even in such a case he may consider the decision after its rendition as a reason for removing the officer, on the ground that the discretion regularly entrusted to that officer by statute has not been on the whole intelligently or wisely exercised. Otherwise he does not discharge his own constitutional duty of seeing that the laws be faithfully executed. 272 U.S. at 139.

Even though we have concluded that legislation establishing a definite term of office for the Attorney General and restricting the President's power to remove him only for cause probably would be held unconstitutional, it might be argued that these proposals could be implemented by some method other than legislation, *i.e.*, by Executive order. Because the restrictions would be imposed not by Congress but by the President himself, and because he legally could revoke or supersede the Executive order at will, it could be argued that the Executive order would simply constitute a voluntary waiver by the President of his constitutional power to remove the Attorney General. However, by restricting his power to remove the Attorney General, the President would necessarily be restricting his influence over that Cabinet officer. Indeed, that is the declared purpose of the restriction. And by restricting his influence, he would be restricting his ability to fulfill his constitutional responsibility to ensure that the laws be faithfully executed. That constitutional responsibility for the execution of the laws cannot be waived. Therefore, it is my view that an Executive order, like legislation, restricting the President's right to remove the Attorney General would be constitutionally suspect.

I have not addressed specifically the question whether the Attorney General could be placed in some sort of separate, non-Cabinet status with a fixed term and subject to removal only with consent of the Congress. This would amount to an attempt, in effect, to remove the Attorney General from the Executive Branch. The foregoing discussion establishes that the President must have control over the country's chief law enforcement official because of the President's constitutional duty to faithfully execute the Nation's laws. Having reached this conclusion, it follows that there is not a method, short of a constitutional amendment, to separate the Attorney General from Presidential control. One illustration of the constitutional problem raised by such a proposal is that if the Attorney General is set apart he may become overly responsive to Congress, by virtue of the appropriation



process to cite only one example, and this would clearly affect the separation of powers among the three branches that is established by the Constitution. Analogous problems are easy to imagine.

There is saying among lawyers that hard cases make bad law. I believe we would be permitting a hard case, Watergate and its aftermath, to produce bad law by attempting to implement the specific proposals mentioned above. It is your responsibility, and mine as your subordinate, to make certain that the system, particularly the Justice Department, is not subject to abuse for political purposes. As you have said many times, that involves trust and integrity--two things no law can provide or guarantee. The relationship between the President and the Attorney General is governed by the Constitution. The fundamental aspects of this relationship--that is, the President's power to appoint and remove in his discretion--cannot be altered without impairing the President's constitutional obligations to control the Executive Branch and faithfully execute the Nation's laws.

#### Alternatives

The foregoing discussion does not mean that there is no room for improvement with respect to your goal of removing or insulating the Justice Department from political influences and activities. Steps which you should consider taking in this area include:

1. Support the provisions of S. 555, introduced by Senator Ribicoff, with certain modifications which would:

- (a) Establish an Office of Government Crimes within the Department of Justice which would be charged with the duty to investigate and prosecute criminal violations of federal law by elected or appointed federal officers or employees, as well as violations of the federal laws relating to lobbying, conflict of interest, and campaigns. Such an office was created in 1976 by Attorney General Levi and is presently operating in the Department, but legislation would emphasize its importance and ensure its continued existence and effectiveness;

- (b) Mandate that existing Department of Justice regulations on disqualification of Department attorneys for conflicts of interest continue in existence and be strengthened.

2. Support legislation to require an office within the Department to review violations of law or standards of conduct by Department employees.



Such an office presently exists by administrative order, but legislation would give it increased emphasis and secure its continued effectiveness.

3. Take the following initiatives by Executive order:

(a) Require the recording and disclosure of contacts with the Attorney General, the Deputy Attorney General, the Associate Attorney General and the heads of divisions and bureaus within the Department initiated from the White House Office or Congress with respect to matters under investigation or before the courts;

(b) Require the recording and disclosure of requests from the White House Office or Congress that certain matters be investigated;

(c) Apply restrictions similar to those in the Hatch Act on political activity to the Attorney General and other high level officers of the Department. This could be incorporated in legislation as well.

(d) Authorize publication by the Justice Department of selected opinions rendered to the White House and Executive agencies by the Office of Legal Counsel.

I am presently studying the question of whether the Administration should support Special Prosecutor legislation and will submit a memorandum on this subject for your consideration.

*Griffin B. Bell*

Griffin B. Bell  
Attorney General

THE PRESIDENT HAS SEEN.  
THE WHITE HOUSE  
WASHINGTON

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✓

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson  
Jane Frank

*Jack*

July 7, 1977

RE: IMF Relations with Commercial Banks

In response to your request, we are transmitting Mike Blumenthal's memorandum on the captioned subject.

OMB (per Bo Cutter) concurs with Secretary Blumenthal's memorandum which discusses IMF relations with commercial banks. They strongly support its conclusion that the IMF plays a critical role in stabilizing the world payments situation and that IMF financing is not a bailout for commercial banks.

OMB has not reviewed the study on which the Post article was based, but believes that substantial additional official financing will have to be made available through the IMF over the next several years in order to help provide the financial offsets to OPEC surpluses.

Schultze has no comment.

Attachment

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for Preservation Purposes**



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for Preservation Purposes



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

June 29, 1977

1977 JUN 30 AM 9 40

MEMORANDUM FOR THE PRESIDENT

Subject: IMF Relations With Commercial Banks

You requested a memorandum on IMF relations with commercial banks, including the question whether IMF lending is used to repay commercial bank loans to LDCs, as charged in a recent Washington Post article. I would make the following points.

First, the IMF is playing an extremely important role in the present world payments situation -- both in the provision of needed financing and in the promotion of stabilization and adjustment policies by borrowing countries to move them toward more sustainable external positions.

Second, despite this important IMF role, the great bulk of international financing is provided by the commercial banks and other private entities. Because of the magnitudes involved, this will of necessity continue to be the case, and there is no practical possibility that the IMF or other official entities will take over the role of the private financial institutions or relieve them of responsibility for their actions.

Third, IMF financing does not bail out private bank credit. Typically, IMF credit to a country represents only a fraction of the country's total external financing needs, and financing from other sources, including private lenders, must continue to supply an important part of the total. The key point for the commercial banks is not that they will be repaid out of IMF loans -- which they will not -- but that the IMF's objective in a borrowing country is to promote corrective economic policies that will both a) reduce net external borrowing needs over time and b) strengthen the country's creditworthiness in the private markets.

Fourth, the IMF's direct relationships are with its member countries. It does not engage in transactions with commercial banks, and it does not give them "inside" advice about members' situations or policies. However, an IMF program is widely regarded by the banks as a "seal of approval" of a country's policies. This places a heavy responsibility on the IMF -- and on the U.S. and other members -- to insure that IMF-agreed economic programs do in fact represent effective efforts by borrowing countries to correct their situations.

Increasing attention is also being given to the question whether the IMF can provide more economic information to private lenders to give them a stronger factual basis for assessments of creditworthiness. I feel that there are some modest steps that can usefully be taken while preserving the confidential relationship between the IMF and its members. We are urging further examination of this question in the IMF Executive Board.

A final comment specifically on the Post article: the article's assertion that a substantial amount of IMF lending goes toward repayment of commercial bank loans to LDCs is based on a single, unsubstantiated paragraph in a 60-page paper that is clearly biased against the banks, the IMF and efforts to get overspending LDCs to put their economic houses in order -- and that favors formation of producer cartels to raise prices for a wide range of commodities. I will have this paper (prepared by a Mr. Howard Wachtel for a private organization called the "Transnational Institute") examined more closely. But on first reading, I do not believe its assertions merit serious attention.

Mike

W. Michael Blumenthal



THE WHITE HOUSE  
WASHINGTON

July 7, 1977

Stu Eizenstat  
Hamilton Jordan  
Jody Powell

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

Re: Summary of JEC Testimony by  
Various Pollsters



OFFICE OF THE VICE PRESIDENT  
WASHINGTON

July 5, 1977

THE PRESIDENT HAS SEEN.

TO: THE VICE PRESIDENT

FROM: JOHN FARMER

SUBJECT: SUMMARY OF JEC TESTIMONY BY VARIOUS POLLSTERS

DATE: JULY 5, 1977

Below is a summary of the testimony before the JEC recently by a number of pollsters. Generally, people seem to be reasonably optimistic about the future, and they feel better about most of the nation's leadership than they have in some time. Inflation is repeatedly mentioned as the most serious problem facing the country. Roper's report that many people believe that the federal government spends too little on a number of problems perhaps is the most surprising and interesting finding.

ROPER POLL - TESTIMONY BY RICHARD BAXTER

Richard Baxter testified:

-- For the first time since the question began to be asked in 1973, over half the nation expected the current year to be a better year for them.

-- This derived from improvements in the economy. As of March, 24% of households had had some kind of employment cutback in the last six months, down from 38% two years ago.

-- 70% of respondents now call our political system basically sound, up from 50% three years ago.

-- Confidence in the nation's political leaders, and in business leaders has risen markedly from two years ago.

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for Preservation Purposes

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-- Confidence in our labor leaders has declined from what had been a low point two years ago.

-- People feel that the federal government is spending too little money in many areas -- in solving the problems of the big cities, improving and protecting the environment, improving the nation's education system, improving public transportation, improving and protecting the nation's health, dealing with drug addiction, increasing the nation's energy supply, and halting the rising crime rate.

-- People feel that the federal government is spending too much on foreign aid, welfare, and space exploration.

-- People feel that the federal government is spending about the right amount for the military, armaments and defense.

HARRIS POLL -- TESTIMONY BY LOUIS HARRIS

Harris has found:

-- 18% of the respondents have a great deal of confidence in the Congress today, compared to 9% in 1976.

-- Comparable confidence in the people running the executive branch has risen from 11% to 32%.

-- 56% of the people believe the country is still in a recession.

-- Harris testifies: "If the public had to sum up what it feels the current economic situation is like, most would say that we seem to be poised on the brink of another and more classic period of relatively good employment, but with spiraling inflation that could well sap whatever benefits might be gained from rising income."

-- Also, "When we have asked people if they would rather have a pay increase greater than the rise in the cost of living, but with no assurances that inflation would be brought under control, on the one hand, or a pay increase less than the rising in the cost of living, on the other, by 71-12%, the American people have come down on the side of opting for lower pay increases."

-- On energy, 85% believe the energy shortage is serious and real, and 62% believe the most important cause is "the wastefulness of most Americans in the use of energy."

MICHIGAN SURVEY OF CONSUMER SENTIMENT -- TESTIMONY BY RICHARD CURTIN

Curtin testified:

- Consumer confidence has regained its pre-recession levels.
- Inflationary expectations increased sharply in early 1977 and have remained at this heightened level in the recent survey.
- 61 percent feel inflation will cause more serious economic hardship than unemployment.
- 49 percent thought it was a good idea for President Carter to have dropped the \$50 rebate. 33 percent didn't.
- The general outline of Carter's energy program received the favorable support of 58 percent of all respondents.

YANKELOVICH, SKELLY AND WHITE -- TESTIMONY BY ARTHUR WHITE

Mr. Smith testified that:

- 60 percent of the respondents felt the country was doing well, compared to only 18 percent in 1975.
- Inflation is considered the country's number one problem.
- 72% of the public accept President Carter's judgment that we must begin to solve the energy problem now or we will be faced with a national catastrophe in the future.
- 85% have confidence that President Carter is doing something constructive about it.





THE PRESIDENT HAS SEEN.  
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

9:00 a.m.

JUL 6 - 1977

MEETING WITH BERT LANCE, ET AL  
Thursday, July 7, 1977  
9 a.m. (1 hour)  
Cabinet Room

From: Bert Lance  
Jim McIntyre  
Harrison Wellford

AR-

I. PURPOSE

To discuss the Executive Office of the President (EOP) Study Team's findings, options, and recommendations for the Executive Office of the President and to obtain your decisions regarding those recommendations and the legislative strategy which should be pursued.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

- A. Background: On Thursday, June 30, we distributed copies of the recommendation memoranda on the Reorganization of the Executive Office of the President and White House Office Staffing Levels to you and senior members of the White House staff. We have scheduled this meeting to brief you and the Executive Committee on these memoranda and to give you, the members of the Executive Committee and senior White House staff an opportunity to discuss the findings and recommendations with the staff responsible for preparing them. If you and the Executive Committee are ready to make final decisions regarding the study recommendations, we can proceed to develop the necessary Reorganization Plans for submission to Congress.

Electrostatic Copy Made  
for Preservation Purposes

X

B. Participants:

Executive Committee

Vice President Mondale  
Bert Lance  
Alan Campbell  
Charles Schultze  
Dick Pettigrew

White House Staff

Hamilton Jordan  
Jody Powell  
Stu Eizenstat  
Robert Lipshutz  
Jack Watson  
Zbigniew Brzezinski  
Frank Moore  
Midge Costanza  
Hugh Carter  
Richard Harden  
Dick Moe

Reorganization Project

Jim McIntyre  
Harrison Wellford  
A. D. Frazier  
Mac Destler  
Robert Cunningham  
Terry Straub  
Tread Davis  
Dave Woodham

C. Press Plan: White House photographer

III. TALKING POINTS

See "Background" section.



THE WHITE HOUSE  
WASHINGTON

July 7, 1977

Bert Lance

For your information the attached memorandum was signed by the President and given to Bob Linder for appropriate delivery.

Rick Hutcheson

cc: Stu Eizenstat  
Jack Watson

Re: Welfare Reform

7/6 ~  
X





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN.

JUL 5- 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Bert Lance

*Bla-*

SUBJECT: Welfare Reform

During our budget review meetings, we discussed at different times the various program elements which account for the current total of Federal resources related to welfare reform. One program issue which you asked to have studied in more depth is subsidized housing and its relationship to welfare reform. We will have a paper for you on that subject by July 20.

Attached is a memorandum for your signature to Pat Harris, Joe Califano, and Charlie Schultze, alerting them to this project and stressing the importance of the July 20 date.

Joe Califano and Ray Marshall are moving ahead with an eye towards developing a comprehensive welfare reform legislative proposal by August 1, per your instructions. I believe the housing paper will identify some major options which you will want considered before a final decision on the legislative proposal is made. For this reason, I hope there is some flexibility in the August 1 transmittal date, which will come at a time when the Congress is about to recess.

Recommendation

That you sign the attached memorandum.

Attachment



THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR

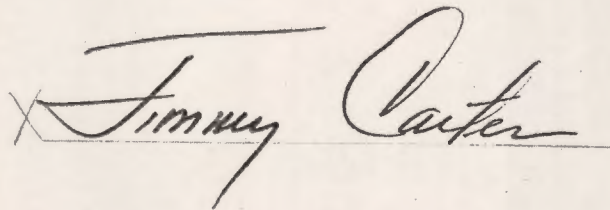
THE SECRETARY OF HEALTH, EDUCATION,  
AND WELFARE  
THE SECRETARY OF HOUSING AND URBAN  
DEVELOPMENT  
THE CHAIRMAN OF THE COUNCIL OF  
ECONOMIC ADVISERS

SUBJECT:           Subsidized Housing and Welfare Reform

During our discussions on the 1979 budget, OMB raised the issue of welfare reform and its implications for Federal subsidized housing programs. This is a matter that warrants our careful consideration as we proceed with the development of a welfare reform initiative.

Accordingly, I have asked Bert Lance to take the lead in developing a more detailed analysis of the issue, including alternative ways in which housing subsidies and the welfare system might relate to one another. I hope each of you will contribute to this analysis and will indicate your recommendation as to what the relationship between these programs should be.

Because we are rapidly approaching our deadline for completing design of the welfare reform initiative, it is important that this analysis reach me no later than July 20.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned at the bottom right of the page. The first name "Jimmy" is written in a more compact, stylized cursive, while "Carter" is written in a more flowing, elongated cursive. The signature is written over a horizontal line.

THE WHITE HOUSE  
WASHINGTON

July 6, 1977

Stu Eizenstat  
Jack Watson

Please call today if you  
wish to comment on the  
attached memo. Thanks.

Rick Hutcheson





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUL 5- 1977

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS

SUBJECT: Subsidized Housing and Welfare Reform

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